



Insights from
IDC Research

Is your supply chain prepared for what lies ahead?

Four key actions to
help you prepare

THE BEST RUN 

Introduction

How has your supply chain fared over the last few years?

If your response is, “it’s been challenging,” you’re in good company. The disruption over the last few years has turned “supply chain” into a household word.

As we roll through the third year of the pandemic, a few more challenges have been added into the mix. It’s clear that disruption is the new normal, especially in our global, interdependent supply chains.

According to IDC, 60% of industrial organizations have ongoing apprehension about supply chains, inflation, and labor shortages.¹

Companies need to have a long-term strategy and plan to weather whatever disruption comes next.

In this paper, we share takeaways and propose four key actions based on the four trends in the IDC eBook, sponsored by SAP, [Secure the Future: Leveraging Today's Insights for Tomorrow's Supply Chain](#), June 2022.

We hope this provides you with some new ideas to get ahead.

We’re here to help.

““ Businesses need to rapidly adjust to disruptions by leveraging digital capabilities, enabling them to restore business operations promptly and turn changed conditions into a competitive advantage. ””

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Jump to key action

- 1 → Mitigate supply chain risk
- 2 → Build resiliency with supply chain transparency
- 3 → Drive business outcomes via sustainability
- 4 → Increase workforce resiliency

Speak with one of our supply chain experts to help you prepare for what’s ahead:

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Action 1

Mitigate supply chain risk

Given the global disruption and instability over the last few years, organizations are prioritizing risk mitigation. Business continuity has become the watchword.

Companies that have digitalized their supply networks to enable visibility and collaboration with trading partners were much better positioned to pivot. According to IDC, **digital technology is credited with playing a significant role in improving agility and resilience for 85% of global organizations over the last two years.**³

Manage risk more effectively:

- **Aim for end-to-end supplier visibility.** Automation and integration are key.
- **Diversify** your supply base, products, and modes of transportation.
- **Embrace predictive analytics** to gain actionable insights, so you can pivot quickly.
- **Retool your organization so that you can act with speed and agility.** Data-driven insights are only valuable if you can act on them.
- **See risk management as a continuous exercise.** Have a back-up plan – you’ve likely needed several over the last few years.



“ The digitalization of procurement prior to COVID allowed for mobility of the procurement function immediately. We could find new suppliers, manage existing suppliers, run auctions, run contracts, and pay suppliers — having that agility when everything else was uncertain was a major success for us. ”

Mohamad Saker
Global Head of Procurement, Al Dahra Group

[Read about Al Dahra →](#)

“ There’s a whole new intensity around risk because of COVID-19, cyber security attacks, and supply chain shortages. ”

Matt Heinz
Procurement Strategist, IBM

Action 2

Build resiliency with supply chain transparency

Nearly 4 in 10 (37%) executives say that most or all of their procurement processes are manual.⁴ When it comes to direct spend, 3 in 10 (32%) still use phone, email, and spreadsheets as their primary means of collaborating with external partners on key supply chain processes.⁵

IDC discusses the need to strive for transparency throughout the supply chain, sharing data with broader supply chain participants and stakeholders, often in real time, and enabled through integration to internal systems. This is not possible when relying on manual processes & off-line data.

“Ultimately, companies that invest in supply chain data, and the insights it brings, will see increased visibility, transparency, and traceability among supply chain partners,” per IDC.

Move towards transparency:

- **Continue to automate and integrate** – table stakes for supply chain transparency.
- **Create a global map** of your supply chain so that you understand the entire ecosystem and dependencies, and monitor it in real time (see sidebar).
- **Digitalize trading partner collaboration** so that you can communicate in real time or near real time about requirements, changes, delays, etc.
- **Treat suppliers as partners**, so it's easier to be agile and jointly problem-solve.

Supplier mapping and monitoring with IBM

In 2016, well before the pandemic, IBM started mapping its direct suppliers and gained a holistic view, which enabled it to continue delivering throughout the COVID-19 disruptions.

IBM's mapping of its direct suppliers shows supplier information, location, and types of parts supplied. This map is integrated with a tool that monitors over 3 million media outlets to identify supply chain disruptions that can potentially affect suppliers. The analysis includes supplier location and what is procured. This information is automatically presented to key personnel. Such information supports decisions and actions that can mitigate disruptions, including locating alternate sources of supply. This mitigation may at times lead to increased costs, especially for goods in short supply.

However, IBM benefits from the resulting trust built with clients, and when the pandemic hit, IBM's supplier mapping strategy enabled an understanding of where suppliers are located, what is procured from each, and level of supplier resiliency.

Action 3

Drive business outcomes via sustainability

Customers are placing increasing importance on the values, ethics, and practices of businesses they buy from. In order to achieve environmental, social, and governance (ESG) objectives, visibility, transparency, and traceability deep into the supply base are required. Sustainability initiatives must extend from raw materials sourcing, to last-mile logistics, and even to product returns and recycling processes.

Per IDC, **digital technology plays a significant role in accelerating sustainability outcomes.** As organizations pursue ESG projects, compliance and reporting, transparency, monitoring, and audit requirements will necessitate digitalization to scale resources and results across the enterprise. When a supply chain collaborates digitally, an enterprise is not only able to measure their own sustainability effort, but the enterprise can compile the overall sustainability of their product from raw material origin in the chain through to delivery to the end consumer.

IDC analyzed the profit and revenue performance of 680 manufacturing organizations against their digital transformation journey and sustainability performance. **Those manufacturers that were digitally mature, and had high levels of sustainability, outperformed their non-digital and non-sustainability or low-sustainability counterparts for both revenue and profit performance.**⁶

“ ESG as a corporate initiative is here to stay. The business benefits are clear, as is the overall goal for global good. Development of an ESG approach must incorporate both internal and external initiatives, and it can be seen as a journey rather than an end state. ”

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Drive sustainability throughout your business:

- **Build sustainability into business processes.** It's a journey, not an end-state.
- **Demonstrate the business value.** Show the link between investments and achieving ESG goals.
- **Source responsibly.** See how each supplier fares on forced labor, environmental, human rights, and ethical sourcing indexes before you onboard them.
- **Work with trading partners to drive ESG objectives throughout your supply network.** Building a sustainable future takes a village – or rather, a global ecosystem. You can't improve what you can't measure, and digital collaboration improves measurement along the supply chain.

Creating value with SAP

Speak with one of our experienced employees to help you build a case for change or find some quick wins to help you with your journey:

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Action 4

Increase workforce resiliency

Companies across the board are contending with the “Great Resignation.” Per IDC, 43% of global manufacturers are understaffed for highly skilled positions, particularly in IT and manufacturing.⁷ Talent and labor shortages are significantly impacting ongoing operations, let alone a company’s ability to pivot – or even stay competitive.

One of the strategies companies are employing to address these challenges is to increase their use of the external workforce – contingent workers and services providers. They’re becoming a greater proportion of a company’s talent “supply chain.”

While many organizations manage the financial aspects of external workers – contracts, POs, and SOWs – it’s also crucial to manage security, compliance, quality of work, and other important aspects of these engagements involving external labor.

Increase workforce resiliency:

- **Embrace change** – we’re at a time in which we need to meet employees where they are.
- **Offer different modes of work** – and use technology to drive experience parity for your workforce.
- **Proactively manage your external workforce with the same level of rigor as your internal workforce** – make sure to include services providers, an invisible workforce given they are people-based businesses.

“When it comes to most IT skills, the demand has outstripped supply for quite some time, so prospective sourcing can’t afford to be reactive. We determined that we needed to get ahead of the game and create innovative options for acquiring and maintaining a strong skills-base that could flex with our business in terms of expertise, duration, and, when necessary, geography. I am pleased to say we have succeeded in that ambition.”

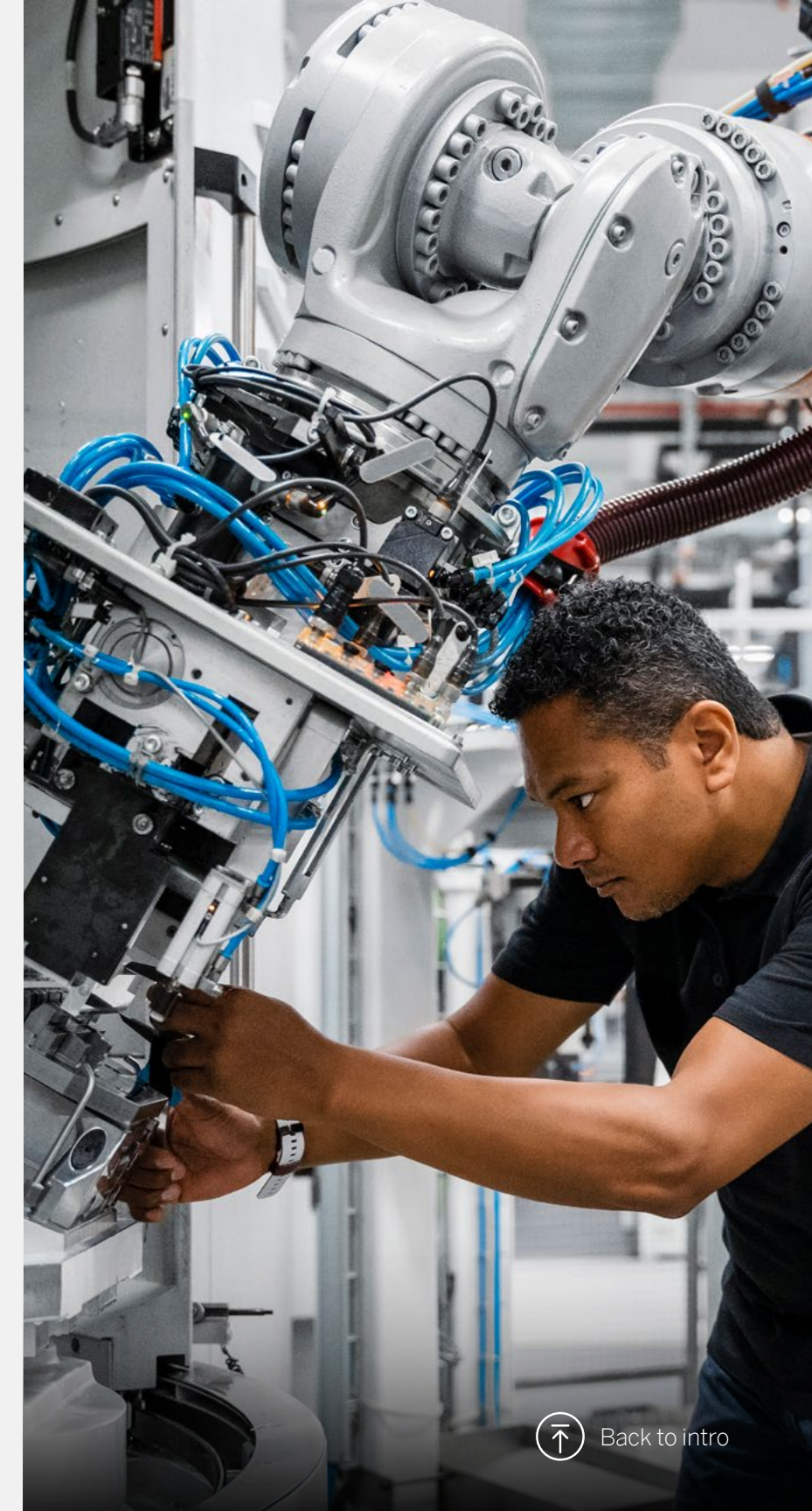
Andreas Hettwer

Vice President – Group Procurement Category Director,
Capgemini



SAP Fieldglass is enabling Capgemini to automate and standardize sourcing, engaging, managing, and paying its contingent workers.

[Read more about Capgemini](#) →





Conclusion

If you haven't digitalized collaboration with your trading partners, what are you waiting for?

The world has changed considerably in the last few years and many companies are still racing to catch up. The supply chain, once taken for granted, and essentially viewed as more of a back-office function, has been thrust into the spotlight. Along with it, the talent supply chain is also under strain.

This is also coming at a time when companies are being held to higher standards from an environmental and social standpoint, and are moving to set bold sustainability goals – and often are being held responsible by their consumers to achieve them.

What will enable companies to make more informed business decisions, reduce their supply chain risk, achieve their ESG objectives, and better manage their talent supply chain?

Digitalization.

Much has been written about the companies that are further ahead than others in withstanding disruption, thanks to digitalization. Won't you join them?

We can help.

SAP cloud technology solutions that help companies prepare for whatever lies ahead:

- **SAP® Business Network for Supply Chain:** Drive supply chain resiliency by identifying and addressing risks in your supply chain in tight coordination with trading partners.
- **SAP Business Network for Procurement:** Access a marketplace of suppliers, improve operational efficiency, enhance spend visibility and compliance through seamless collaboration and digital information exchange with suppliers.
- **SAP Business Network for Logistics:** Collaborate with shippers and carriers to optimize logistics processes, increase on-time deliveries, and mitigate supply risk.
- **SAP Business Network for Asset Management:** Empower operators, manufacturers, and service providers with a single network for resiliency and transparency.

We can help you prepare for what's ahead:

[Find out more](#)

¹ IDC Future Enterprise Resiliency Survey, March 2022

² IDC *Secure the Future: Leveraging Today's Insights for Tomorrow's Supply Chain*, Doc #AP772001X, June 2022. Data, quotes and case studies are from this report unless otherwise noted.

³ IDC Future of Operations Survey, 2021

⁴ *Procurement-powered performance: How digital transformation is elevating Procurement*, Research by SAP in collaboration with Oxford Economics

⁵ *Close collaboration that goes beyond transactions: Direct spend leaders engage with essential suppliers to improve performance*, Research by SAP in collaboration with Oxford Economics

⁶ IDC Future Enterprise Resiliency & Spending 2021 Survey Wave 8, September 2021

⁷ IDC Worldwide Manufacturing Talent Management Survey, 2022